



***SDN Users Association, Inc.***

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May 14, 1996

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the matter of )

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CC Docket No. 96-98

Implementation of the Local Competition )  
Provisions in the Telecommunications Act )  
of 1996 )

Comments of the SDN Users Association, Inc.

The SDN Users Association hereby responds to the Commission's Notice of Proposed Rulemaking (NPRM), released April 19, 1996, seeking comment on rules to implement Sections 251, 252, and 253 of the Telecommunications Act of 1996 (1996 Act).

The SDN Users Association, Inc. represents more than 435 business customers of AT&T's Software Defined Network service. Our members represent all sectors of the economy and all geographic regions of the country, many with multi-state and multi-national presence. Each of these member companies and institutions is a sophisticated user of telecommunications services. We have chosen to comment on this proceeding because we believe that rules developed to implement the local competition provisions of the 1996 Act will have a profound impact on our members' enterprises.

Our experience has taught us that fair, open competition is the best method of assuring lower prices, rapid introduction of new technology, and improved services. As telecommunications professionals we look forward to the availability of a rich diversity of services from a variety of providers all competing for our business by providing cost effective, high function services that integrate well across the local and national market. We understand the goals of the Telecommunications Act of 1996 to accomplish exactly these items. We believe this to be the most advantageous situation for our companies and the nation.

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We have chosen to limit our comments to Part II of the Commission's NPRM covering the rules for implementing Section 251 of the 1996 Act.

I. We support the development of explicit national rules for interconnection

We agree with the Commission's tentative conclusion that removing the need to comply with varying technical and procedural requirements in each of the states will facilitate entry by competitors. As long as there are significant variations from state to state, it will be difficult for large corporations to develop comprehensive multi-state networks. When rules vary widely from state to state it is not only difficult, as noted, to create a national network, but such an undertaking would be vulnerable to localized changes in technical requirements or prices. We believe the Commission can and should establish a national framework that allows for variances, when they are necessary, to address a local condition, or when they do not impact the smooth delivery of service consistent with other localities.

The larger issue here is to encourage a set of enterprises which interconnect easily, whose price structures are similar and encourage similar behavior, and who have similar methods of designing and delivering service.

II. Pricing based on forward looking economic costs

We encourage the Commission to develop rules for the pricing of carrier interconnection and unbundled network elements based on the true economic cost of providing the service. While we are not in a position to argue the economic merits of LRIC vs. TSLRIC, we believe that rates must be based on current and forward looking cost, not historical cost. We recognize that the issue of resale pricing is difficult, however, open pricing is the basis on which a strong market can be built.

Recognizing that resale will be the method used by many new entrants, and that resale will exist for years, we believe a cost based approach is fair to both new entrants and incumbent Local Exchange Companies (LECs). Incumbent Local Exchange Companies (ILECs) should be fairly compensated for the use of their network infrastructure; it is in the best interest of all that they provide quality service and maintain the networks that will be used by resellers. However, they should not be able to collect charges on any costs unrelated to directly providing or maintaining the telecommunication

services they provide to resellers. While there is value to the ILEC's established line and switch infrastructure, what has been should not determine what will be. Cost evaluations, as noted, should be forward looking to anticipate technology changes, not backward looking to recover costs for past actions. Forward looking cost evaluations will expose technology decisions to market pressures which will generate effective, productive change benefiting all.

### III. Unbundling of network elements

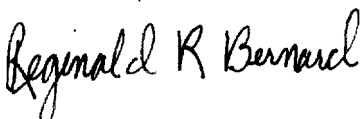
To foster local competition, network elements should be divided into the smallest possible elements and offered on an unbundled basis. This will allow new entrants to resell a complete package of incumbent LEC services, or to "mix and match" LEC elements with their own unique elements, allowing for innovation in service offerings.

### IV. Total Service Delivery

It is easy for us to imagine that the benefits of competition on prices and functionality can be lost by poor communication and cooperation among the various providers we may deal with. Further, we believe the Commission should entertain rules to inhibit the use of service delivery, provisioning and repair, as a competitive advantage. We believe, therefore, that all providers should be required to address provisioning issues as shared responsibilities. We believe that resellers should have similar control when buying services from the incumbent LECs as the LECs do for their own customers. This not only gives the new entrant better control, but eliminates any unfair advantage to the incumbent LEC. Resellers should have access to the LEC order processes, repair processes and nondiscriminatory access to operator services, directory assistance and telephone listings.

In closing, we applaud the Commission for the thoughtful, thorough and timely release of this NPRM. We are not lobbyists or telecommunications attorneys, just telecommunications managers who must cope daily with the results developed by the Commission. If we can provide assistance in reaching these results, we would be delighted to do so.

Sincerely,

A handwritten signature in black ink that reads "Reginald R. Bernard". The signature is written in a cursive, flowing style.

Reginald R. Bernard, President